

DRAFT

GUIDELINES
FOR
AUTHORITY AND RESPONSIBILITY
OF
THE TOBACCO INSTITUTE, INC.

The objectives of The Tobacco Institute, as set forth in its charter, are: "To promote a better understanding by the public of the tobacco industry and its place in the national economy; to cooperate with governmental agencies and public officials with reference to the tobacco industry; to collect and disseminate information relating to the use of tobacco; to collect and disseminate scientific and medical material relating to tobacco; to collect and disseminate information relating to the tobacco industry published or released by any governmental agency, federal or state, or derived from other sources independent from the industry; to collect and disseminate information relating to legislative and administrative developments, federal or state, affecting the tobacco industry; to promote public good will."

In order to carry out these objectives efficiently and expeditiously, the following guidelines are established with respect to the authority and responsibility of the officers of the Tobacco Institute:

1. The Executive Committee of the Institute, specifically including the tobacco company Presidents, will meet

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bi-monthly for the purpose of establishing and reviewing Institute policies, programs and objectives. These meetings will be held alternately in Washington and New York unless otherwise directed by the Chairman of the Executive Committee. In addition to the bi-monthly meetings, the Chairman of the Executive Committee or the President of the Institute may call a special meeting of the Executive Committee whenever in the judgment of either such a meeting is necessary to establish or review Institute policies, programs and objectives. The President of the Institute will designate those members of the Institute staff who will be in attendance.

2. Responsibility for the operation of the Tobacco Institute is vested in the President, who is authorized to delegate such responsibility among his staff as he may deem appropriate.

3. No member of the Institute staff will accept any assignment not relating to Institute activities, from any Institute member or otherwise, without the prior knowledge and approval of the Institute President.

4. The President of the Institute shall have the authority to hire and discharge all employees, agents and independent contractors who are necessary to the operations of the Institute, other than those officers of the Institute

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elected or appointed by the Board of Directors pursuant to Section 1 of Article VI of the By-Laws of The Tobacco Institute.

5. The Budget Committee shall serve as an advisory committee to the Board of Directors of the Institute on all matters pertaining to the annual budget of the Institute. The members of the budget committee shall be appointed annually by the Board of Directors. The Treasurer of the Institute shall be the chairman of the committee and the committee shall meet periodically at the call of the Treasurer.

6. Subsequent to the approval of the Annual Budget by the Board of Directors and the membership, disbursements will be made accordingly. In an emergency, the President, with the concurrence of the Treasurer, may authorize the transfer of funds among the various approved individual budgeted items, such authority to be used with prudence and subsequent notice to the Executive Committee.

7. To avoid undue delay in making approved budgeted disbursements, the following procedures will be followed:

a. Checks drawn on the Imprest Fund and The Tobacco Institute Testing Laboratory Account will be signed by any one of the following individual:

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Horace R. Kornegay
Earle C. Clements
Franklin B. Dryden
John F. Mills
Frank J. Welch
Edward J. Ragland
John J. Murphy
John J. Kelly

b. Checks drawn on the Payroll Account will be signed by any one of the following individuals:

Horace R. Kornegay
Earle C. Clements
John J. Murphy
John J. Kelly

c. Checks drawn on any other accounts will require the signature of one of the following individuals:

Horace R. Kornegay
Earle C. Clements
Jack F. Mills

and, also, must be countersigned by one of the following:

Franklin B. Dryden
Edward F. Ragland
Frank J. Welch
John J. Murphy
John J. Kelly
Kathryn R. Golden.

These procedures will supersede the action of the Board of January 25, 1968, which required one signature to be that of the Treasurer or the Assistant Treasurer.

8. Funds will be on deposit at all times sufficient to pay outstanding bills within 30 days of receipt. Read-

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justment of "call" procedures on the membership will be made to meet the above requirement.

9. The Communications Committee shall serve as an advisory committee to the President of the Institute or, in his absence, the Vice President-Public Relations, on all matters affecting the public image of the industry. The Vice President-Public Relations shall be a member of the committee. Each member company of the Institute shall be invited annually by the President of the Institute to designate one of its employees to be a member of the Committee. The Chairman of the Ad Hoc Legal Committee or his designee shall also be a member of the Committee.

10. The executives, officials and employees of member companies are encouraged to propose projects and activities for the Institute, but shall not commit the Institute to any project or proposal without the prior approval of the President of the Institute.

11. In order to provide coordination and to avoid duplication, the member companies through their employees or agents shall keep the staff of the Institute informed regularly and confidentially about any of their activities in areas where the Institute is engaged or likely to be interested.

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12. The Vice President-Public Relations shall be responsible for the preparation of public statements issued by the Institute and the sources of information necessary to the staff of the Institute in the preparation of such public statements shall be left to the judgment of the Vice President-Public Relations. No such public statement shall be issued without the prior approval of the President of the Institute, and any public statement to be issued by the Institute relating to matters pertaining to smoking and health, HEW, the Federal Trade Commission, the Federal Communications and other Government agencies shall first be cleared with appropriate counsel.

13. The President of the Institute, with the advice of the Vice President-Public Relations, shall have the authority to employ, retain and discharge any public relations consultant or advertising agency which are not affiliated with a member company.

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14. The Committee of Counsel shall serve as an advisory committee to the President of the Institute on all legal, regulatory and legislative matters of industry-wide interest. The General Counsel of the Institute shall be a member of the Committee. Each member company of the Institute shall be invited annually by the President of the Institute to designate

one of its employees to be a member of the Committee. The Chairman of the Ad Hoc Legal Committee or his designee shall also be a member of the Committee.

15. The President of the Institute, with the advice of the Consultant and the Vice President-Government Relations, will determine the thrust and direction of political activities in both the lobbying and educational fields. To avoid confusion and duplication of effort, only those members of the staff specifically designated by the President will carry out such activities.

16. The Vice President-State Relations will represent the Institute with respect to proposed punitive and/or restrictive State and local laws.

17. The Institute will cooperate with the Tobacco Tax Council and other industry-supported organizations in exchanges of information on tax matters and other matters affecting the industry, and lend support as requested or as opportunities present themselves. [Particular attention will be directed towards avoiding the duplication of effort and promoting the consolidation of industry resources.]

18. Institute activities relating to the HEW, FTC, FCC and other regulatory agencies will be under the personal direction of the Institute President, assisted by such legal counsel as may be appropriate.

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19. The Chairman of the Budget and Communications Committees and the Committee of Counsel shall notify the appropriate staff of the Institute of any scheduled meetings of the Committee far enough in advance to permit adequate notification to the Committee members of the agenda and other details of the proposed business to be transacted at the meeting.

20. The President of the Institute shall advise the Executive Committee on all policies or practices which in his opinion will result in unfavorable reaction in the Congress or any of the Federal departments or agencies.

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